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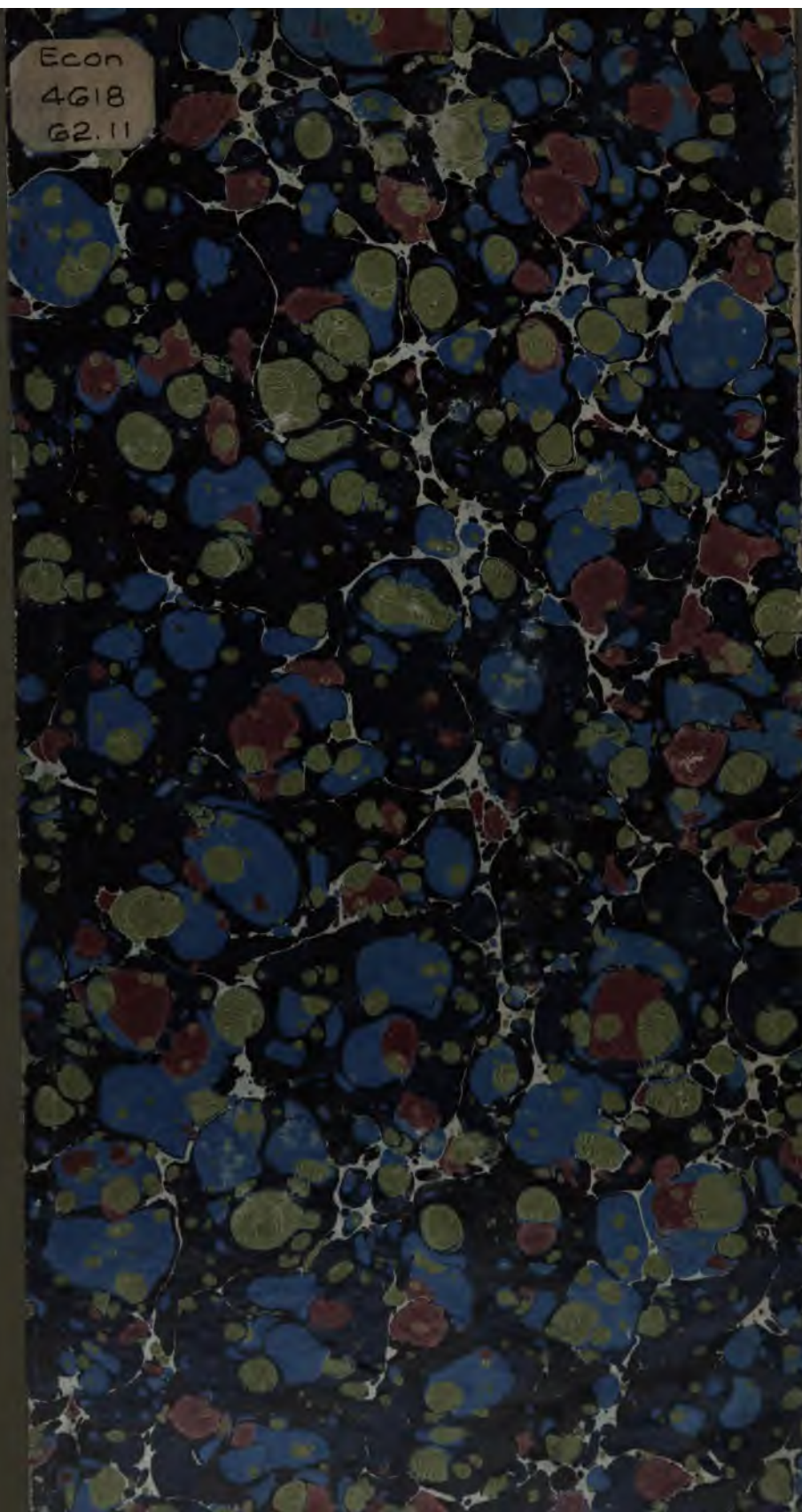
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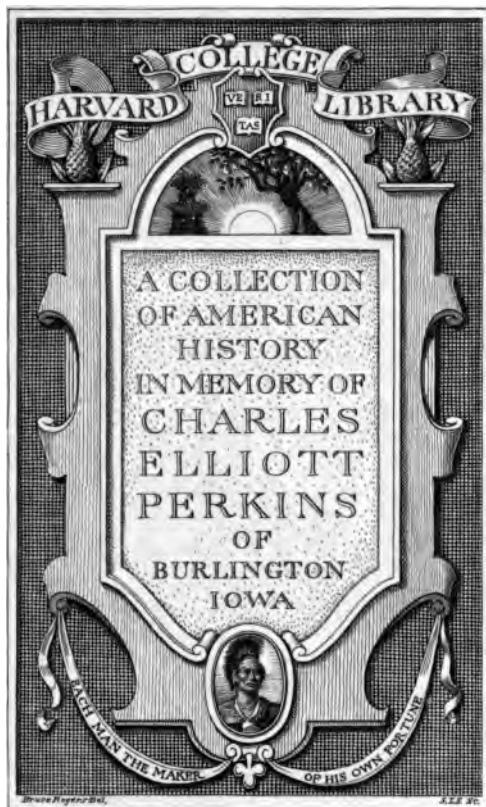
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**SPEECH**

**OF**

**HON. CLEMENT L. VALLANDIGHAM,**  
**OF OHIO,**

**ON**

**THE "UNITED STATES NOTE" BILL;**

**DELIVERED**

**IN THE HOUSE OF REPRESENTATIVES, FEBRUARY 3, 1862.**

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## TREASURY NOTES—LEGAL TENDER—THE CURRENCY.

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The House being in the Committee of the Whole on the Treasury note bill—

Mr. VALLANDIGHAM said: It has been my habit, Mr. Chairman, to premeditate, whenever premeditation was possible, whatever I have had to say in this House; for no man has a right, in my judgment, to obtrude his immature and undigested thoughts and opinions upon a deliberative assembly. From the laboratory of his mind and the storehouse of his memory, it is his duty to bring forth, at all times, as the occasion may permit, whatever is most valuable; and there is no such thing as inspiration in matters of either law or legislation, and least of all, certainly, upon questions of finance. And just at this moment especially, the country and the Government demand sound philosophy and stern facts; not vain theories, or what is worse still, delusive and hazardous experiments and contrivances. *Experimentum in vili corpore*; and never was the maxim more applicable.

If, therefore, sir, I have prepared myself now a little more elaborately than heretofore, the complexity, delicacy, and magnitude, not to say novelty, of the subject in late years, are my justification. And I do from my heart, and with the deepest sincerity, lament that I am not now master of the whole science of political economy and finance; and am unable therefore, and because that I have not that divine order of intellect which is able to seize hold of it and to comprehend and fathom it as if by intuition, to discuss it as its immeasurable importance demands. It happened to me, sir, to come into public life, and even to attain majority, after the great questions of currency and revenue in the administrations of Jackson, Van Buren, and Tyler had, for the most part, been

settled, and to be familiar, therefore, chiefly with a subject the discussion of which I would to God had never been obtruded upon Congress or the country, and which even now I would forever banish from both. But at intervals in years past, and with labor and diligence for some months past, I have sought to master the facts and principles, and to penetrate somewhat into the philosophical mysteries of these great questions, and to apply them firmly and faithfully to the present and approaching condition of the country. Committed fully to any measure and all measures of finance necessary to sustain as well the honor as the credit of the country in which I was born, and the integrity of the Government of which I am a part, and especially to adequate and just taxation for that purpose, I propose to-day to discuss the subjects involved in this bill to the best of my ability, and with becoming candor and freedom, and I may add earnestness, too; for I have the profoundest conviction of their incalculable importance to the interests, present and future, of the United States, and of the people of this whole continent.

Nor am I to be deterred from a faithful discharge of my duty by the consciousness that my voice may not be hearkened to here or in the country, because of the continued, persistent, but most causeless and malignant assaults and misrepresentations to which, for months past, I have been subjected. Sir, I am not here to reply to them to-day. Neither am I to be driven from the line of duty by them. "Strike—but hear." Whatever a silenced or a mendacious press, outside of this House, may choose to withhold or to say, no man who is fit to be a member of this House, will allow his speech or his votes or his public conduct



here to be controlled by his personal hates or prejudices. Sir, I recant nothing and would expunge nothing from the record of the past, so far as I am concerned. But my path of duty now, as a Representative, is as clear as the sun at broad noon. **THE SHIP OF STATE IS UPON THE ROCKS.** I was not the helmsman who drove her there; nor had I part or lot in directing her course. But now, when the sole question is, how shall she be rescued? I will not any longer, or at least not just now, inquire who has done the mischief. So long as they who held control insisted that she was upon her true course and in no danger, but prosperously upon her voyage though in the midst of the storm, I had a right to resist, and did resist and denounce the madness which was driving her headlong to destruction. But now, that the shipwreck stands confessed, I recognize, and here declare, it to be as much my duty to labor for her preservation as it is theirs who stranded her upon the beach. Within her sides she bears still all that I have or hope for, now or hereafter, in this life; and he is a madman or a traitor who would see her perish without an effort to save. Whoever shrinks now is responsible also, for some part at least, for the ruin which shall follow.

In this spirit it is, sir, that I approach this great question; and I thank the House kindly for the attention which they seem inclined to accord to me, and assure them that it shall not be abused.

I do not agree, Mr. Chairman, with the gentleman who opened this debate [Mr. SPAULDING] that this bill is a war measure. Certainly, sir, it has been forced upon us by the war; but if peace were restored to-morrow these \$100,000,000 of Treasury notes would be just as essential to the public credit as they are to-day. The argument of "military necessity" has been carried quite far enough already, without being now urged in behalf of the proposition—so unconstitutional, disastrous, and unjust—to make paper money a legal tender in discharge of all debts. I support this measure—not, indeed, as reported—impossible—but as I would have it amended—because it is absolutely essential to even the ordinary credit of the Government, and because without it I see nothing but bankruptcy to the Government in the midst of immense aggregate wealth among the people. The credit of the country is the honor and strength and support of the country, and it must be maintained at all hazards, and no matter who is President or what party is in power. And I am not willing to hazard the entire credit and honor and good faith of the country, because the Administration may, per-

chance, use this recuperated credit, to continue a war which I have not approved. "War is disunion," said Mr. Douglas; and bankruptcy is disunion, and as a true Union man, I have opposed the first, as I shall labor now to avert the last.

But to return. No scheme of loan, or taxation, or national bank, or currency, or other similar contrivance, can be devised and put into operation in time to avert the ruin. Therefore the Government must fall back upon Treasury notes for its present support. But a single question is presented: what shall be their form, and how shall they be floated? But inasmuch as the Government has no money, no gold and silver coin—which is the only *money* in the world—these notes, incapable, therefore, of being the representatives of money, must take its place as a substitute. They must become currency, and pass or "run" from hand to hand. But Treasury notes bearing interest and payable at a future day, are not fitted to run or pass as money. They are as mere ordinary promissory notes; and though often issued in this form—and indeed never before in any other, except once, within the last fifty years—they never at any time passed into general circulation or even circulation at all. They are a particular form of loan or indebtedness or security, and fit subjects for speculation on the stock exchange, but are neither money, nor the representatives of, nor a substitute for money. If made payable on demand, they need bear no interest, since the great element of value in a paper currency is not profit but credit. Therefore, intending that Treasury notes should circulate and become a sort of currency, this bill proposes, as did also the act of July, 1861, that they shall bear no interest and be payable in gold and silver. This unquestionably is the legal and inevitable inference from the language of the act and the bill, so far as appears upon their face. But neither the act nor the bill, the present nor the original bill, prescribes expressly in what they shall be paid. But both are "payable." Payable in what? Gold and silver, which is the only money that by law can be received for the public dues, or disbursed in payment of debts owing by the United States, except that the Treasury notes already authorized are declared receivable also in payment of debts due to the Government.

Sir, this bill is in two particulars modeled, though imperfectly, after the act of 1815; and to that extent I approve of the idea or theory upon which it proceeds. The issue of notes without interest, and to circulate as currency between the Government

and its creditors and debtors, is for temporary purposes, and to meet the immediate and pressing necessities of the Government—and this is the only justification for their issue—and they are to be funded or converted, at the will of the holder, into six per cent. stock, redeemable twenty years after date; and so far they are, therefore, not mere Government paper money, like the Continental bills of the Revolution, or the French assignats, or the Austrian notes of 1809. Nevertheless, sir, there are capital objections to this bill which ought, in my judgment, to condemn it to unanimous reprobation and defeat.

In the first place, sir, it precedes where it ought to follow. It assumes that the promise to tax will give credit before a dollar of tax has been laid; much less collected. On the faith of this credit, it expects the free circulation of \$50,000,000 already issued, and the \$100,000,000 proposed to be issued under its own provisions. But, as if fearful—and most justly, too—that the promise may not be received for performance, and that, at last, no adequate tax may be assessed, or, if assessed, collected, it proceeds to declare these notes to be money—actual, substantial, tangible, and veritable money—and to be a legal tender in satisfaction of all debts, public and private, corporate and individual, State and United States. The judgments of the State courts are to be discharged in these notes, and State taxes to be paid in them. All debts owing by the United States are to be liquidated in them. They are even to be received in payment of each other, and one promissory note of the Government is, by compulsion of law, and, of course, if need be, at last, by armed force, to be taken in full discharge of another promissory note issued by the same Government. These notes, sir, are declared “payable to bearer.” Payable in what? Gold and silver and Treasury notes. But the Government is truly apostolic in its poverty. Silver and gold it has none. Therefore one Treasury note is a full, authorized, compulsory discharge of another Treasury note. Peter is to be robbed to pay Paul; and Paul in turn is to pay Peter for a debt of his own out of the fruits of the robbery. In plain English, and without metaphor, one promise to pay is to be made a legal tender in satisfaction of another promise to pay; and the promise of the Government to pay in paper, is to discharge the obligation of the contract of the individual debtor to pay his creditor in gold and silver. And this is the grand financial contrivance of the Secretary of the Treasury, with the concurrence of one half of the Ways and Means!

Sir, if it were fifty-fold as constitutional as, in my deliberate judgment, it is unconstitutional in letter, and abhorrent to the spirit and principles of that instrument, it could not command my support. I will not renew the discussion of the question of constitutional power to make Government paper, or any other paper, a legal tender in payment of any debts, public or private, present or prospective. My colleague from the first district [Mr. PENDLETON] the other day, with a clearness and force never exceeded in this Hall, disposed of that question forever. His argument has not been answered; and, pardon me, sir, it never will be. I concur in it all, thoroughly and totally, upon this point. Sir, disguise it as you may, this bill is but a FORCED LOAN from the people. It is an abuse and a stretch of power which no Government, except one either in the first throes of revolutionary madness and desperation, or in the last agonies of dissolution, or in the midst of the most imminent danger of either bankruptcy or conquest and overthrow, and no king or potentate, except a usurper, ever ventured to exert. If voluntarily submitted to, or by fear or power enforced, it will corrupt, derange, and debase the currency, and afflict the country with financial and commercial disaster and ruin, and shake the foundations of public and private credit for half a century to come. But we shall be fortunate if it does not precipitate a revolution, sooner or later, in our own midst. In ordinary times, certainly not; but let us not forget that we are in the very crisis of a convulsion, equalled by but few in the history of the world, and where no man can reckon the course, or momentum, or extent of any movement according to any of the ordinary laws which govern human affairs. But, independent of all this, tried by the plainest principles of finance, the commonest maxims of political economy, as exhibited and enforced in the experience of other nations, this bold, but ill-advised and most hazardous experiment of forcing a paper currency upon the people, ought to be met by the Representatives of the people with unanimous and emphatic condemnation. Otherwise, the experiment, if successful, will be followed by other enormous issues, till not a dollar of gold or silver will be seen again in your day or mine, and but little of ordinary bank paper. Exportation, hoarding, melting, and manufacture into articles of luxury of every kind, will follow as the legitimate and inevitable consequence of your irredeemable Government paper currency. The golden age of America henceforth will belong only to the *Saturnia regna* of poets and mythologists.

Nor is this all, nor the worst. An immense inflation or bloat in this wonderful paper money which our financial Midas by his touch is to convert into gold, must come next. Cheap in material, easy of issue, worked by steam, signed by machinery, there will be no end to the legions of paper devils which shall pour forth from the loins of the Secretary. Sir, let the Army rejoice; there will be no more "shoddy," for there will be no more rags out of which to manufacture it.

And now, sir, what must follow from all this? First, that which never has failed in times of bloated currency—high prices, extravagant speculation, enormous sudden fortunes, immense fictitious wealth, general insanity. These belong to all inordinate and excessive paper issues, and even to plethoras in the circulation of gold and silver, if such plethoras could occur. But the evil will not stop here. Every banker, every lender, every merchant, every business man, and every seller of real or personal estate, or of anything else, compelled to receive in payment for whatever he lends or sells, an irredeemable paper money, dependent for its value solely upon force, and without the smallest credit, and himself having no confidence in the Government, and no special good will to the borrower or buyer who forces him to take its paper, will demand a still higher price, by way of insurance, than if the currency were sound and safe, no matter how much inflated.

And now, sir, what is to be the result of all this? What else but the result from like causes in years past in foreign countries and in our own? It is written in the commercial convulsions and sufferings of France in 1720, and of England a century later, and of the United States in 1837. The collapse follows the inflation, and is terrible and disastrous just in proportion as the bubble has been magnificent. Your legal tender laws will avail nothing. They have been tried before: tried in this country and tried abroad; and have always failed in the end. The regent of France proclaimed them in Law's time, in 1717; and what followed? Let M. Thiers answer:

"Violent and vexatious as the measures were to sustain the credit of the notes, they were insufficient to give them a value which they did not possess. Dishonest debtors alone used them to pay their debts. Coin was secretly used for daily purchases, and was concealed with care. Many accumulated it clandestinely. The greater part buried it in the earth, and the rich realizers used every artifice to transfer it to foreign countries. Another portion of our coin left France; and although the exportation of specie is not necessarily injurious, it was so at this time, since it left behind only a false paper currency and an imaginary capital."

But again, sir: this bill declares these notes to be "*payable at the pleasure of the United States.*" Was ever such a proposition before this submitted by any legitimate, established Government? Did any of the multitudinous Mexican usurpers, in the midst of the direst convulsions of that most distracted of all countries, even in his severest straits, ever "*pronounce*" anything more unjust and monstrous? Sir, these notes are not to be the basis of a future loan; they are not kites to raise the wind with. They are to be paid out in discharge of past liabilities, for debts which already exist; for honest and fair indebtedness for past services rendered or value already received, as between the Government and the citizen. All these debts were payable in gold and silver only—in the current coin and lawful money—the hard money—of the country. In the absence of any express stipulation or law to the contrary—and not in one case out of a hundred probably has any such existed—they are all payable by cash in hand or on demand. And yet payment at all of this very class of debts is, by the terms of this bill, to be postponed indefinitely, unless indeed the creditor will accept bonds at six per cent., depreciated, it may be, and if this bill pass in its present form, will be, to eighty or ninety cents on the dollar, and redeemable in twenty years. The Government proposes to settle with its creditors, and to execute its promissory notes payable whenever it is ready or finds it convenient to pay. In other words, the debtor dictates terms to the creditor, and declares that a debt payable in cash down or on demand shall be paid at the pleasure of the debtor, or otherwise, in either case, shall be utterly extinguished. O most wonderful, righteous, and equitable Secretary!

Sir, there is no subject so delicate as credit. What is it? Confidence, trust, faith. In its very nature it is voluntary, and you can no more coerce credit than you can compel belief in a particular creed or religion, or love between man and woman. It withers before suspicion, and languishes and dies at the sight of force. Sir, in the reign of Henry VIII, Parliament passed "*an act for the abolishing of diversity of opinion*" in certain articles concerning the Christian religion." How much worse or more absurd, I ask, was that act than the bill before us? Good faith is the foundation of all credit; but this bill proposes, not bold and outright, but timid—I will not say cowardly—and indirect repudiation. More than this: it is an open confession of bankruptcy. If the Government has solid means, it needs no notes. If

it has credit, why declare its notes lawful money and a legal tender, equal with gold? If it has neither means nor credit, it is exactly what is meant by a bankrupt.

But yet again, this bill styles the paper which it authorizes to be issued, "United States notes." Well, sir, words are things, and this change of name is for some purpose. What is it? I have carefully examined every Treasury note act and act referring to Treasury notes, public and private, from the first, in 1812, to the present time, eighty-two in number; and in not one, not one, are notes of this description called anything but Treasury notes. Sometimes they have been issued as a convenient form of temporary loan; at other times as evidence of indebtedness by the Treasury. But they were always, upon their face, limited to the Treasury Department, and were never known in any act by any other name than "Treasury notes." They never were intended to furnish a permanent or even a general circulation as a commercial currency. They were thus maintained to be not "bills of credit," within the then well understood meaning of that term, and therefore not unconstitutional. The act of 1815 styled them Treasury notes, though issued in sums of less than one hundred dollars, payable to bearer, without interest, transferable by delivery, and therefore capable of passing as currency. So did the act of July, 1861; and more than that, so did both the title and the body of this same bill, as first reported on the 7th of January.

Sir, who invented this new-fangled term, "United States notes," and why was it invented? What new light struck in upon the Secretary between the seventh and the twenty-second of the same month? And what are these United States notes but "bills of credit," the very bills so abhorrent to the framers of the Constitution? Most appropriately I may say with Mr. Webster, that "if the genius of the old Confederation were now to rise up in the midst of us, he could not furnish us from the abundant stores of his recollection with a more perfect model of paper money;" and I am forced to add, also, or a worse model, too. Here, sir, is one of the Continental bills of November, 1776. It bears small resemblance to the delicate paper issues and exquisite engraving of the present day in the United States. It smacks a little of the poverty of "Dixie"—as is said. Instead of the effigies of Lincoln, it bears on its face a veritable but rudely carved woodcut of the wild boar of the forest. It was bad money, sir; but issued in a noble cause. It is redolent of liberty; it smells of habeas corpus,

free speech, a free press, free ballot, the right of petition, the consent of the governed, the right of the people to govern, public indictment, speedy public trial, trial by jury, and all the great rights of political and individual liberty for which martyrs have died and heroes contended for ages—although I am not quite sure, sir, that even now it is altogether without somewhat of the odor of rebellion lingering about it. But even this Continental bill purports to be payable, though not paid, in specie. It recites that "this bill entitles the bearer to receive four Spanish milled dollars, or the value thereof in gold and silver, according to a resolution of Congress, passed at Philadelphia, Nov. 2, 1776," and it is issued in the name of "the United Colonies."

But though in the midst of a revolution, and struggling for liberty and life, and in the darkest hour of that sore trial—it was just previous to the victory at Trenton—it never occurred to the just men and patriots of that day to usurp the power to make this paper money a legal tender, and to force, it by this usurpation, into credit and circulation by the strong arm of the law; and to that extent—and it is great—the United States notes proposed by this bill are fifty-fold worse and more to be abhorred than Continental money. But this paper of 1776 bears no interest, is payable to bearer, payable in gold and silver, payable at no particular time, intended to circulate permanently and generally as money, and without a dollar of tax or revenue to support it. The men of that day relied on patriotism to keep their bills in credit; and yet we know that even then, in the purest and best times of the Republic, they sank in value till at the close of the war \$1,000 in paper were worth but one dollar in specie. In short, sir, they so utterly depreciated that to this day, if a profane man would describe anything as totally and hopelessly worthless, he would say of it that it was "not worth a Continental—dollar."

And here, sir, before I pass from this subject, allow me to say that a very grave error has been fallen into in this debate. The notes of the Bank of England were not made a legal tender during the suspension from 1797 to 1823. The bank was by act of Parliament prohibited from paying in specie. The taxes were then very heavy, the expenditures enormous, and the notes of the bank were received as cash in payment of the public dues. For this reason, mainly, and not because they were, either directly or in effect, a legal tender, the notes, until the issues of the bank became excessive, did not depreciate, at least until also gold

had begun to disappear in spite of penal legislation. But in three years the depreciation began, and from 1800 to 1814, it varied from eight to twenty-five per cent. In 1816, after the war, it was sixteen and three fourths. And yet there were public men then, just as some are found now, to maintain that the value of paper money had not fallen, but that the value of gold had risen. It was precisely the argument over again, of the French National Assembly, nearly twenty years earlier—it was not the assignat which had lost, but the franc which had gained. But, sir, the act also of 1834 which, it is said, declared the notes of the bank a legal tender, has been totally misunderstood. They are not now and never were a legal tender as between the bank which issues them and its creditors, or the holders of its notes. Not at all, sir. A proposition so iniquitous and monstrous never was enacted into law by English legislators. It belongs to the present Secretary of the Treasury of the United States, in the year of grace, 1862. Justly did Mr. Canning boast, in 1811, that

“Never did the wildest and most hostile prophesier of ruin to the finances of England, venture to predict that a time should come when, by the avowal of Parliament, nominal amount in paper, without reference to any real standard value in gold, would be the payment of the public creditor.”

But neither are these notes a legal tender at all, except so long as the bank pays specie, and, of course, while they are equivalent to, if not convertible at any moment all over England into gold: so that in fact the observation of Mr. Burke, seventy years ago, is equally just and true now:

“Our paper is of value in commerce, because in law it is of none. It is powerful on 'Change, because in Westminster Hall it is impotent.”

And now, sir, what are your United States notes? They, too, are payable to bearer; payable—not to be paid—in gold and silver, payable “at the pleasure of the United States,” and meant to circulate generally and permanently as currency, at least till the Secretary’s grand fiscal machine, his magnificent NATIONAL PAPER MILL, founded upon the very stocks provided for by this bill, can be put in operation, when this sort of bills of credit is to be supplanted by another sort of bills of credit, which are to become the sole currency of the country, and to drive all gold and silver, and ordinary bank paper, out of circulation. This, sir, is what is meant by the phrase in the third line of the bill, “for temporary purposes,” and nothing else is meant. And now, sir, how, meantime, are these United States notes to be floated? By voluntary credit, founded on ade-

quate taxation? Not at all, sir. Taxation to nearly or perhaps two thirds the same amount would, as I shall presently prove, float these notes at par with gold and silver indefinitely. But if taxation is meant, then no other means of credit are needed. How comes it, then, that force, coercion, is to be resorted to to compel these notes into circulation? The faith of the United States, supported by taxation, is to be abandoned, and this paper money is to be floated in every commercial and business transaction of the country, by main force of law, and not voluntary credit because of the solvency of the United States, till a year or two hence the Secretary shall have stocks enough to enable him to execute his financial schemes and contrivances in full. This, then, is the first step in the direction of his grand fiscal and monetary agent which is to maintain the credit of the Government and supply the sole paper currency of the country; and in further proof, I refer to the fact that in his late annual report, the Secretary styles the notes to be “prepared for circulation under national direction,” and issued by this monster FISCALITY, “United States notes.”

These, then, sir, are the reasons why the ancient, approved, constitutional term “Treasury note,” sanctioned by eighty-two acts of Congress, and sustained by judicial decisions, is to be cast off and abandoned for one just freshly coined for the new financial nomenclature of the Secretary of the Treasury.

But I have yet another objection to this bill. Secreted innocently in the first section, I find the following:

“And any holders of said United States notes depositing any sum not less than fifty dollars, or other than a multiple of fifty, with the Treasurer of the United States, or either of the Assistant Treasurers, or either of the designated depositaries at Cincinnati or Baltimore, shall receive in exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount in bonds of the United States, coupon or registered, as may be desired, bearing interest at the rate of six per cent., and redeemable, at the pleasure of the Government, after twenty years from date; or in sums not less than \$2,500, for which, if requested, the Secretary, if he deem it expedient, may issue similar bonds, the principal and interest of which may be expressed in the currency of any foreign country, and payable there.”

So that whoever, though a citizen of the United States, can gather together \$2,500 of these notes, may convert them into stocks expressed in the currency of a foreign country, with principal and interest payable there, and of course in gold and silver or its equivalent; while he who holds fifty dollars or upwards, but less than \$2,500, is obliged to receive domestic bonds, payable at home, prin-

cipal and interest, in "United States notes," or the continental money of 1862. And now, sir, what is the effect of all this? The bonds issued are to be of the same amount as the face value of the United States notes, no matter how much the latter may be depreciated, and they will depreciate in spite or because of your legal tender clause; and not only this, but the face value of the bonds finally, and meantime of the interest, is to be increased by the rate of foreign exchange, whatever it may be at the time of the payment of either principal or interest. Nor is this all. The purpose of this provision, discriminating so palpably and unjustly between the great and the small creditors of the Government, and providing for specie payments to one class, and paper payments to another, is to enable the Secretary to fund his United States notes in stocks of a higher value than those expressed in the home paper currency, so that a surer, speedier, and more profitable accumulation of stocks may be had for the darling object of the Secretary, his grand fiscal contrivance. A twofold purpose will thus be subserved: first, an earlier investment or funding of these notes; second, a more valuable class of stocks for banking operations. To the banker also who shall invest in these bonds, payable in a foreign currency and country, there will accrue, not only the difference between the real value of the United States notes, and the par or face value of the bonds, and the premium upon foreign exchange, but also the profits to be derived from the seven per cent. interest on the notes to be circulated by the new banks, and sometimes, if not regularly, where the bank is distant from the city of New York, or perhaps Philadelphia and Boston—say in the Northwest—the fictitious exchange, equal to from six to eighteen per cent. per annum, amounting, with the other profits of banking, in all to from twenty to forty per cent. to the holder of these stocks who shall invest them in the Secretary's new banks. But the operation does not stop here. The interest on these will be paid, of course, in gold or its equivalent; and other United States notes, issued or reissued under this bill, will be bought at their depreciated value as compared with gold, and converted into new stocks, payable in a foreign country and currency; and thus the circle of profits upon an increased capital will again be traveled round, till the untold millions of stocks provided for in the first section of this bill and the \$500,000,000 authorized by the second section, shall have all been exhausted.

Sir, there is no need for the amendment sug-

gested the other day by the chairman of the Ways and Means, providing for the payment of the interest on these stocks in gold and silver. He is not in the secret. There will be no bonds issued, and none are intended or expected to be issued, except those payable in a foreign currency and country, and of course in specie. No wonder, sir, that every adventurer and stockjobber and speculator and kite-flyer and contractor, too, outside of this House is pressing this monstrous scheme, worthy of John Law's most daring genius, gigantic in its proportions, corrupting in its success, and desolating as an earthquake in its final ruin. No wonder the Ways and Means and the country are afflicted daily with "spouting wretches" and scribbling wretches, who raise the magic howl that whoever opposes this great American bubble of 1862, following close upon the great "national loan" bubble of 1861, is in sympathy with the rebellion, and giving aid to traitors. Let us see, now, who and how many will dare to stand up against this clamor, and to hold fast to the Constitution, and cling firmly to the real interests and final safety and preservation of the country.

Sir, it is altogether aside from my present point of argument to urge in reply that this very demand for stocks, payable in the currency of a foreign country, will not only hasten the funding of the notes, and extend the loan, and thus the resources of the Government, but will keep up the credit and parcirculation of the notes themselves. Certainly, sir: that is part of the idea of the scheme; and, to a certain extent, the result anticipated will follow in this last particular also. But the bulls and the bears will have something to do with that, too; and the authors of the contrivance themselves have not confidence that this demand would of itself float these \$150,000,000 of notes at their par value, or anything near it; else why do they propose to resort to that very element which above all others tends to destroy credit—*force*?

But I have not done with this section yet, sir. There is no end to the stocks which, payable in the home paper currency provided for by this bill, or a foreign specie currency, are to be issued. The United States notes are to be reissued indefinitely as soon as funded, and funded indefinitely as fast as reissued. The wheel of fortune is to be perpetually in motion, and at every revolution is to throw out new notes and new stocks, till superseded by the grand machine for manufacturing a national currency suggested by the Secretary in his annual report.

And now, sir, besides this emission of notes and bonds as multitudinous as the sands of the seashore, the second section provides for the issue of \$500,000,000 more. It recites that it is "to enable the Secretary to fund the *Treasury* notes and floating debt of the United States." "*Treasury*" notes indeed. What *Treasury* notes? None are proposed to be issued by this bill; and all issued under existing laws, including the acts of July and August, 1861, are to be funded in the same manner as provided for in this section; unless, indeed, the object of the section be, after all, only to enable the Secretary to convert all the outstanding *Treasury* notes issued under existing laws, except the \$50,000,000 notes, amounting, according to the gentleman from New York, [Mr. SPAULDING,] to \$103,000,000, into bonds expressed in a foreign currency and country, and payable there, so as to still further increase the amount of the more valuable and profitable class of stocks which are to constitute the basis of the new national bank. The "*United States* notes"—not "*Treasury*" notes—authorized by the first section of this bill, and the demand notes issued under the act of July last, are to be funded according to the provisions of the section itself.

Then, sir, we have here some \$103,000,000 of old-fashioned *Treasury* notes payable at a future day and bearing interest. We have also the floating debt estimated by the gentleman from New York [Mr. SPAULDING] at \$100,000,000, though, in my belief, it is more than double that sum. But why authorize \$500,000,000 of stock wherewith to fund two or three hundred millions of dollars of *Treasury* notes and floating debt? The secret lurks quietly in the last sentence of the section:

"And the Secretary of the Treasury may also exchange such bonds at any time for lawful money of the United States."

Sir, what does all this mean? What will be "lawful money" of the United States if this bill pass? The issue of bonds is expressly declared to be for the funding of *Treasury* notes and the floating debt of the United States; and the Secretary is authorized to issue them to any creditor of the United States who will receive them at their par value in satisfaction of his demands. He may also exchange them for *Treasury* notes heretofore issued, or which may be issued, under the provisions of this bill, although this bill provides not at all for *Treasury* notes, either in its title or in the body of it, but only for the newly devised "*United States* notes." And yet this is the bill which the gentleman from New York [Mr. SPAUL-

DING] declared, without a smile, to be "simple and perspicuous in its terms, and easy of execution!" Sir, I am very sure he never could have written it; nor, I apprehend, has he ever scrutinized its language or its provisions with critical accuracy.

But not only are these stocks to be issued in lieu of *Treasury* notes or discharge of floating debt, but the Secretary may also "exchange" them for the lawful money of the United States. Sir, I pass by the singular inaccuracy of providing for the "exchange" of bonds for gold and silver, or money of any kind, as a mere verbal criticism. But are these bonds, too, to be issued for the United States notes of the first section? These notes are expressly declared to be "lawful money," and was it not enough to provide for the eternal circle, the endless chain of issue and funding and funding and reissue of the first section? No doubt the real object of this provision is to enable the Secretary to sell these bonds for cash, and thus to create a new debt, instead of funding or transmuting a debt which may exist previous to and independent of the bonds. Why not, then, say so openly in the title and in the body of the bill? But I oppose this provision, and prefer that the notes and bonds provided for in this bill shall both be issued, not for the purpose of raising money, but to discharge debts otherwise incurred. In no other way, I fear, can you expect to float these United States notes or *Treasury* notes, whichever you may call them, at par with gold and silver, or the notes of specie-paying banks.

And now, sir, what, I beg to know, is the object of all this, if it be not to create an enormous and endless public debt, to be interwoven with every political, social, and business relation of life; to subjugate the States and the people perpetually to the Federal Government, and therefore never to be extinguished? The seven years of famine are upon us, and our modern Joseph is to buy in the property of the whole people, and lease it out to them again as tenants at a perpetual rent. Sir, I commend to him the ancient and significant Hebrew proverb: *Quum lateres duplicantur venit Moses*—when the bricks are doubled, Moses comes.

I propose, then, Mr. Chairman, a substitute for the bill, omitting so much of it as purports to make these notes a legal tender. But I go further. The *Treasury* notes authorized by the act of July last, and those provided for by this bill, are both declared to be payable, the one on demand, and the other "at the pleasure of the United States." Payable in what? You have no gold and silver

You can borrow none. You propose to collect \$150,000,000 in taxes and imposts. But you issue at the same time \$150,000,000 of Treasury notes, declared to be money, made a legal tender, receivable for the public dues, and to be circulated generally as currency; and you thus drive gold and silver into vaults and hiding places, or under ground, and bank paper out of existence. What, then, can you, will you receive, except these self-same notes again into your Treasury? And if so, what but Treasury notes will you have to pay out? Sir, your bill is a delusion and a snare. These are not demand notes. They are not to be payable to bearer, nor to any one else, at any time, nor at any place. They are not to be "paid" at all. They are to be funded or converted into six per cent. stocks, redeemable in twenty years. Sir, the public credit cannot be maintained by a public lie. Your notes are not money; they will not circulate as currency; they will not be taken as a legal tender, and in discharge of judgments and contracts and State debts, or private debts, though you should send them forth bearing ten times the image and superscription—the fair face and form of Abraham Lincoln, now President and Cæsar of the American Republic.

Sir, I propose to abandon this false pretense, and to change the form of the note itself. A Government note, payable on demand or at the pleasure of the Government, to bearer, in gold and silver, is necessarily and inevitably a delusion and an absurdity. If the Government has gold and silver wherewith to pay, it need issue no Treasury notes. The necessity and the justification for their issue cannot exist till the Government is without gold and silver or its equivalent, obtained either by taxation or upon formal loan. And whenever it issues notes it confesses that it relies for the time, not upon funds in hand, but on credit because of funds to be had at a future day. And when the note is payable at a future day certain, there is no fraud and no deception. Not so when it purports to be payable on demand, or at no fixed time at all, and certainly not when payable at the pleasure of the debtor, the United States. Recall, then, as I propose, your outstanding demand notes, and conform those which you authorize now by this bill to what they really are, and do not send them forth seeking credit or to be forced upon the people by the strong arm, and yet branded with falsehood upon their face.

Instead of this compound of delusion and force, I propose a form of Treasury note depending solely for its value and circulation upon the con-

sent of the creditor or holder and the solvency and credit of the Government. And as without taxation there can be no credit, it is founded wholly upon the basis of a not far from equal, and at all times certainly an adequate, taxation. It proceeds upon the assumption—first, that the Government is indebted in the amount proposed, and must provide for its creditors, in payment, that which is equivalent to currency or cash; and, secondly, upon the right of property which the Government has in so much of the wealth of the country as is necessary to carry on its legitimate and constitutional operations, and to maintain its credit. Upon these two corner-stones it rests. The Government is to issue in payment of its debts due to others that which it is to receive in satisfaction of the debts due from others to itself. It is to tax the people to the extent of a hundred or a hundred and fifty millions of dollars to maintain its good faith and its integrity every way; and it is to furnish the people with the medium, not the means, of payment. If this scheme fail, if these notes have no credit and do not circulate as substitutes for so much money, always good in satisfaction of so much debt due by the people to their Government, it will be either because there is no sufficient taxation laid, or if laid, not collected, or because of direct and successful repudiation. And if any of these, then the Government cannot be maintained any longer, and is not worth preserving.

But we need apprehend none of these results, I trust. The country is full of wealth and resources; it is able, and, for the purpose of maintaining the honor and credit of the Government, which are the credit and honor of every citizen in it, willing, I doubt not, to pay any amount of taxation which may be demanded. We have full constitutional power to tax. Here is a coercion which I recognize and approve. True, as Mr. Burke said, it is no more possible to tax and to please, than to love and to be wise. But is it not wonderful that gentlemen who are so fearful of their popularity that they will not resort to the constitutional coercion of taxation, are yet willing and eager to force upon the people instead of taxes, the unconstitutional, despotic, and most disastrous coercion of a paper currency to be received in satisfaction of every debt, and to enter into, and derange every contract, and taint and degrade every commercial and every business transaction of every kind, under penalty of forfeiture or confiscation of the debt? Coerce taxes, sir, and you secure a firm credit, and a full and, what is better, a free and voluntary



circulation of your Government paper, intermingling naturally with the whole circle of the financial and commercial concerns of the States and of the people, without the violence, derangement, and convulsion of a forced and odious and abhorred paper currency. If you are afraid of the people, be afraid to do wrong, not to do right.

Sir, instead of force, the substitute proposes to rely for the credit and circulation of these Treasury notes—Treasury certificates they really are, but I prefer the long-established and accepted name—first, upon their convertibility at the will of the holder into six per cent. stock; and as they bear no interest at all, the holders will naturally seek to fund them whenever United States stocks shall have been restored to their par value. And this will happen whenever, and not before, its solid revenue shall have been made sufficient for its ordinary expenses, and the punctual and certain payment of the interest on the public debt, present and prospective, and the collection of that revenue made absolutely sure. Whenever *doubt* upon that question is removed, your stocks will go up to par, and will remain there or above it. Why does not this bill, instead of force, rely upon credit obtained by the right to fund these notes bearing no interest, in bonds with interest at six per cent.? Because your stocks are already at ninety cents on the dollar, and of course no capitalist will invest par notes in bonds ten cents below par. And why are your stocks thus depreciated? Because there is a *doubt* whether the interest will be paid punctually and surely at maturity. And, pardon me, sir, you never can remove that doubt by legislation or force, but only by revenue.

Sir, I have not referred to-day to a sinking fund as an object of immediate importance; because if revenue enough can be secured just now to pay the very large interest on the public debt, we shall have done well enough at present, without attempting to find ways and means to discharge it, till the enormous drain of millions a day shall in some way or other have been arrested. Sufficient unto the day will that evil be. I concur, indeed, thoroughly in the principle which affirms that no debt ought to be created without at the same time providing means wherewith to pay it finally. But that principle should have been remembered before, or at least at the time when, the prodigious expenditures of the Government were commenced; and it is impossible to act upon it just now, when there is scarce a dollar to be had for the most pressing wants of the Treasury. Let us seize the earliest moment for it when it shall have become

practicable, and meantime be content to find means for the current and most essential expenses of the Government.

But, Mr. Chairman, the fundamental idea of this substitute is to support and float these \$150,000,000, by a nearly equal amount of taxation and revenue, payable of course in these notes. The Government owes the people and the people owe the Government, each \$150,000,000, and these notes are primarily to be used as a common medium of payment between them. Unquestionably so long as this relation of mutual debts and credits subsists in nearly the same proportion, these notes will float in general circulation and in payments, or exchanges, or other commercial and business transactions between citizen and citizen, even without the funding clause; but this clause is essential inasmuch as the expenditures of the Government very greatly exceed the \$150,000,000, and because the debt present and future is unhappily to last for many years to come. But these notes will have this advantage over bank paper, that they are receivable at par with gold and silver in payment of Government dues, while it is not. The refusal, therefore, of the banks to receive and circulate them will avail nothing to depreciate their value, since their credit and circulation will depend, not on bank favor, but on taxes of a nearly equal amount which must be paid at all events, and may be paid in these same notes. They will thus be beyond the reach of bull, bear, or banker.

Will they circulate as money, and answer its purposes as well to the creditors as the debtors of the Government, sustained as they are by all these elements of credit? Sir, I do not depend solely on theory and deduction upon this point. We are not without examples at home and abroad. North Carolina, after the Revolution, and previous to the adoption of the present Constitution, issued between four and five hundred thousand dollars, of paper, receivable in payment of her public dues. She declared it also a legal tender, but her ratification of the Constitution in November, 1789, of course abrogated that provision; and yet, supported by taxation sufficient to pay her debts and carry on her State government, this immense amount of paper money remained in circulation for more than twenty years at par with gold and silver during the whole time, although her revenue was less than one fourth of the whole amount of this currency. In like manner Russia, as late as 1827, had a fixed paper circulation of upwards of one hundred and twenty millions of dollars, in the form of bank bills, but having nothing to sustain

it, except that it was receivable in payment of her public dues; and yet it continued for years at par, although her revenue did not exceed \$90,000,000 annually. And in 1838 Mr. Clay declared that if the Government used only gold and silver, and its own credit, it could even with the then small revenue of some \$30,000,000 keep \$40,000,000 of Treasury drafts in circulation at par all over the Union, though they should bear not a cent of interest, and not be fundable at last in interest-bearing stocks; and I do not now doubt that one third, possibly one half more of these Treasury notes, than of any given amount of fixed, undoubted, and punctually paid revenue, could be floated at par to-day.

I do not propose, Mr. Chairman, or pretend that these Treasury notes are to be convertible into gold and silver. They are not payable on demand; they are not payable to bearer, nor payable at all. They are not to be paid, but to circulate as a currency receivable in Government dues, and finally to be funded in twenty years' stocks. They are not promises to pay, and therefore are not paper money. They do not represent gold and silver, of which the Government has none; and if it had wherewith to pay notes on demand, it would be under no necessity and have no justification for issuing or circulating these notes at all. They represent only Government dues, and their value rests on the credit of the Government—on its right and power to collect such an amount of taxes as may be needed to sustain that credit. The United States are to cease in part for a time to be a specie-paying, hard-money Government. I deplore it profoundly. But imperious necessity demands it. There is no alternative, no matter what evils may follow. It is the best possible that can be done under the circumstances; and that is the only apology for suspending, even to that extent, the Independent Treasury, as wise and beneficent a measure as ever was devised. And yet it is one thing for the Government to receive and pay out its own paper or notes in its own business, and quite another to receive and pay out the paper bills or promises of a bank as cash; and as to this last, the Independent Treasury system remains unchanged.

But I utterly deny, sir, the right of the Federal Government to provide a paper currency intended primarily to circulate as money, and meet the demands of business and commercial transactions, and to the exclusion of all other paper. It is not the intent or object of the substitute to furnish such a currency for the country. Its purpose is

to provide a new but temporary medium, receivable for the public dues, and sufficient only to meet the increased fiscal action of the Government. It is not to supersede either gold and silver or bank paper in ordinary business and commercial affairs. The tendency of all paper, indeed, is to expel specie from circulation; and it always will, to a greater or less extent, where it is a mere substitute for it, and the more so just in proportion as there is a want of confidence in it. But this bill proposes a paper in addition to the present currency of the country, an addition made necessary by the immensely increased disbursements, and by and by of the revenues of the Government. Sir, the whole amount of specie and bank paper actually in circulation in the United States, on the 1st of May, when this increase began, was about \$400,000,000, of which amount some \$300,000,000 were in the States still called loyal. Of the whole amount, the Government employed in various ways \$87,000,000; leaving \$313,000,000 for the ordinary commercial and business transactions of the country; of which amount about \$213,000,000 were circulated in the loyal States. Meantime in nine months, though one third of the States have seceded, the expenditures and operations of the Government have gone up in the remaining two-thirds, from \$87,000,000 to \$600,000,000. To meet this immensely increased fiscal action, we have but \$213,000,000 of currency, gold and silver and bank paper, not including the \$50,000,000 of demand notes now in circulation.

It is true, sir, that in the generally deranged and embarrassed condition of the country, a large part of the \$213,000,000 has been withdrawn from ordinary and private business and commerce, and used in aid of the transactions of Government. But with all this there remains some hundreds of millions needed still. It cannot, indeed, be all supplied in this way, because the limit to the credit of the Government, by virtue of which it can float Treasury notes, is not the amount of its expenditures and indebtedness, but of its solid revenues. There is, however, abundant room, as I have just shown, for the circulation of these notes, primarily, and therefore constitutionally, as a medium between the Government and its taxpayers and tax consumers; but, secondarily, as a part of, and not a substitute for, the common currency of the country. And it is a consideration of no small value to the Government, and bringing no loss to the people, that as long as they circulate there will be a large saving of interest, equivalent in one year, at six per cent., to the

sum of \$900,000; a considerable item, in ordinary times at least.

And they have this further advantage also over Treasury notes bearing interest and payable at a future day, that the latter bear interest from the day they are put out, but the former only from the time they cease to circulate and are funded—another large item in the way of economy. Nor is there any danger, sir, that they will continue in circulation after the necessity which compels and justifies their issue shall have ceased. As soon as the credit of the Government is restored, and its bonds are at par or command a premium, and when its enormous receipts and disbursements shall have been diminished, not only will it be the interest of all capitalists to fund them, but especially of the banks to drive them into stocks and thus out of circulation. That day, indeed, may be far distant.

Such, Mr. Chairman, is the substitute which I have submitted. It differs essentially from the bill. The one relies on force, the other upon credit; the one looks to the direct and despotic coercion of law and arms, the other to the indirect and ordinary coercion of taxation; the bill would override both the letter and the spirit of the Constitution; the substitute follows and complies with both; the former shocks every principle not only of justice between the Government and the citizen, but of sound political economy; the latter recognizes the eternal and immutable rules of justice, and conforms itself strictly to the fixed and inexorable laws of commerce and trade; and finally, the one would provide an unlimited, irredeemable, depreciated paper money forced by fear of violence or confiscation, upon the whole people; while the other proposes only a voluntary, limited, and temporary currency to circulate primarily between the creditors and the debtors of the Government. The difference is radical. It is the difference between the broad road and the narrow way. The Secretary has chosen the former, and death is at the end of it.

“Oh for that warning voice, which he, who saw  
The Apocalypse, heard cry in Heaven aloud!”

To my political friends let me now appeal for support, not only of this substitute, but of the taxation which must follow it as essential to the maintenance of the good faith and credit of the Government. Forego the little paltry advantage which might be secured from opposition to the taxes necessary for that purpose. Impair not the estate in order to injure or annoy the tenant. But I put it upon higher and nobler grounds. There is not a member of this House, I take it for granted, who does not desire and hope and look for an ultimate, if not a speedy restoration of the Union of

these States just as our fathers made it. If there be one who does not, no matter on which side of the House he sits, **HE HAS NO BUSINESS HERE.** I have differed with the Administration as to the means, and differ widely still, but never as to the end; if, indeed, reunion, the old Union, be the end and purpose for which they are contending. But, I repeat it, bankruptcy is disunion and dissolution in the worst form, and would instantly end the war, the Government, and the Union forever.

Finally, sir, if the committee and the House shall proceed upon the principles of justice and sound political economy which have been hitherto observed by every wise Government, and above all by this Government from the beginning, in the maintenance of its credit and good faith, I will lend a ready and an earnest support to every measure framed in conformity with these principles, and intended and calculated to build up and to sustain the public credit and good faith. Otherwise, I cannot and I will not vote to bring down upon the wretched people of this once happy and prosperous country, the triple ruin of a forced currency, enormous taxation, and a public debt never to be extinguished.

#### APPENDIX.

The following are the material sections of Mr. VALLANDIGHAM'S substitute:

That to meet the necessities of the Treasury of the United States, and to provide a currency receivable for the public dues, the Secretary of the Treasury, with the approbation of the President of the United States, is hereby authorized to issue, on the faith of the United States, Treasury notes in any amount not exceeding \$150,000,000, not bearing interest, transferable by delivery, and of such denominations as he may deem expedient, not greater than \$1,000, nor less than five dollars each: *Provided, however,* That \$50,000,000 of said notes shall be in lieu of the demand Treasury notes authorized to be issued by the act of July 17, 1861; which said demand notes, so far as issued, shall be taken up as rapidly as practicable, and the notes herein provided for substituted for them, and no more of said demand notes shall be issued or reissued after the passage of this act: *And provided further,* That the amount of the two kinds of notes together shall at no time exceed the sum of \$150,000,000; and the Treasury notes herein authorized shall be receivable in payment of all taxes, duties, imposts, excises, debts, and demands of every kind due to the United States, and may be paid out, under the direction of the Secretary of the Treasury, by any disbursing officer of the United States to any creditor of the United States who will consent to receive the same, at the par value thereof, in discharge of the debt or claim of such creditor; and any holder thereof depositing any sum not less than \$100, or some multiple of one hundred, with the Treasurer of the United States, or either of the Assistant Treasurers, or either of the designated depositaries at Cincinnati or Baltimore, shall receive in exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the

Treasury, who shall thereupon issue to the holder an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of six per centum per annum, payable semi-annually, and redeemable at the pleasure of the United States after twenty years from the date thereof; and any holder of said notes, being a citizen or subject and resident of any foreign country, depositing, as aforesaid, any sum therein not less than \$2,500, shall, if he demand it, receive similar bonds at the above-named rate of interest, payable semi-annually, the principal and interest of which shall be expressed in the currency of any foreign country, and payable there. And said United States Treasury notes shall be received the same as coin, at their par value, in the sale or negotiation of any bonds that may be hereafter sold or negotiated by the Secretary of the Treasury, with the approbation of the President of the United States, to any person being a citizen and resident of the United States, and may be reissued from time to time, as the exigencies of the public interests shall require: *Provided, however,* That this right to reissue shall not continue longer than two years from the passage of this act, unless Congress shall hereafter otherwise provide.

Sec. 2. *And be it further enacted,* That the form of said Treasury notes shall be as follows: "The United States will receive this Treasury note in payment of all taxes, duties, imposts, excises, debts, and demands of every kind due

to the United States, to the value of five dollars," or whatever sum or denomination may be expressed thereon, as hereinbefore provided for.

Sec. 3. *And be it further enacted,* That to enable the Secretary of the Treasury to fund the floating debt of the United States, he is hereby authorized, with the approbation of the President of the United States, to issue on the credit of the United States, coupon bonds, or registered bonds, to an amount not exceeding \$200,000,000, redeemable at the pleasure of the United States after twenty years from date, and bearing interest at the rate of six per cent. per annum, payable semi-annually. And said bonds shall be of such denominations, not less than fifty dollars, as the Secretary of the Treasury, with the approbation of the President of the United States, may determine upon; or where any creditor of the floating debt of the United States, in any sum of not less than \$2,500, being a citizen or subject and resident of any foreign country shall demand it, said bonds shall be issued to such creditor, the principal and interest therein being expressed in the currency of any foreign country, and payable there: *Provided, however,* That none of said bonds shall issue except at their par value; and to such creditors of the floating debt of the United States as shall elect to receive them in satisfaction of their demands: *Provided further, also,* That the claims and demands of such creditors shall, in all cases, have been first audited and settled by the proper accounting officers of the Treasury.



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